

## Message Text

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73

ACTION NEA-10

INFO OCT-01 ISO-00 EB-04 TRSE-00 OMB-01 AID-05 IGA-01

PM-03 NSC-05 SP-02 SS-15 RSC-01 MC-01 L-02 DODE-00

/051 W

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R 211615Z OCT 74

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 7175

C O N F I D E N T I A L TUNIS 6489

FOR ASST SECRETARY ATHERTON FROM AMBASSADOR

E.O. 11652: GDS

TAGS: MASS, TS, US

SUBJ: TUNISIAN INTEREST ARREARAGES

REF: A. STATE 227853

B. TUNIS 6052

C. TUNIS 6054

1. SUMMARY: I HATE TO INTRUDE INTO YOUR BUSY WORK SCHEDULE TO CALL YOUR ATTENTION TO WHAT APPEARS TO BE AN ESSENTIALLY MINOR MATTER, BUT IT'S IMPLICATIONS AFFECT TUNISIAN-AMERICAN RELATIONSHIP. IN ESSENCE, BY NOW REQUIRING PAYMENT OF INTEREST (ON U.S. MILITARY PURCHASES) OWED SOME YEARS BACK AS A CONDITION FOR CONTINUATION OF MAP GRANT AID, WE RISK JEOPARDIZING ADVANTAGES FLOWING TO US FROM OUR MILITARY ASSISTANCE PROGRAM -- AN IMPORTANT FACET OF OVERALL LONG-STANDING AND CLOSE U.S.-TUNISIAN RELATIONSHIP. WE APPEAR, IN EFFECT, TO BE ALLOWING ACCOUNTANTS AND LAWYERS TO DECIDE WHAT IS BEST FOR U.S. FOREIGN POLICY INTERESTS. NOT THAT WE WON'T TRY, IF ABSOLUTELY NECESSARY, TO COLLECT THE INTEREST OWED, EVEN THOUGH FOR YEARS WE MAY HAVE LEFT THE TUNISIANS UNDER THE IMPRESSION THAT INTEREST REPAYMENT MIGHT NOT BE REQUIRED. WHAT WE FIND OBJECTIONABLE IS JEOPARDIZING CONTINUATION OF MAP GRANT AID BY INSISTING UPON IMMEDIATE

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REPEAT IMMEDIATE PAYMENT. END SUMMARY.

2. THE PROBLEM CONCERNS SOME DOLS 50,000 IN INTEREST CHARGES OWED US BY THE GOT ON CERTAIN MAP TRANSACTIONS GOING BACK TO 1964 THAT WE ARE NOW BEING ASKED TO COLLECT FROM THE TUNISIANS. THE PROBLEM WAS RESURRECTED BY THE DEPT IN AUGUST 1974 (STATE 177624) AFTER LYING DORMANT (AND I'M SURE TOTALLY FORGOTTEN BY THE TUNISIANS) SINCE SEPT. 1972 (AND FOR YEARS BEFORE THEN), AT WHICH TIME GOT, FOLLOWING DISCUSSIONS HERE, FORMALLY REQUESTED BY DIPLOMATIC NOTE THAT A WAIVER BE SOUGHT RE INTEREST CHARGES. THROUGH CHUSLOT CHANNELS WE SOUGHT FROM WASHINGTON A WAIVER, PERMITTED BY THE LAW IF DEEMED JUSTIFIABLE. IN THE ABSENCE OF AN ANSWER, THE TUNISIAN NOTE REMAINED UNANSWERED. EVIDENTLY A DECISION WAS MADE BELATEDLY NOT TO GRANT A WAIVER BECAUSE THIS AUGUST WE WERE ASKED TO REQUEST TUNISIANS TO MAKE THESE BACK PAYMENTS. I NOATED AT THE TIME (TUNIS 5216), ALBEIT WITH SOME MISGIVINGS, THAT I WOULD BE WILLING TO DO SO AND REPEATED THIS IN TUNIS 6052.

3. UNFORTUNATELY, THE QUESTION OF INTEREST ARREARS HAS BEEN LINKED BY DEPT TO QUESTION OF TUNISIAN ELIGIBILITY FOR MAP GRANT AID IN FY 75, A SENSITIVE SUBJECT HERE. WHEN I INDICATED WILLINGNESS TO RAISE MATTER WITH TUNISIANS, IT WAS OUR UNDERSTANDING FROM THE RELEVANT TELEGRAMS THAT ONCE WE RAISED MATTER AND TUNISIANS WERE SEIZED WITH PROBLEM, WE COULD EXPECT FY 75 GRANT PROGRAM TO PROCEED, I.E., DEPT WAS NOT REQUIRING FINAL RESOLUTION OF THE PROBLEM BEFORE FUNDS COULD BE RELEASED. OUR MOST RECENT MESSAGE FROM DEPT, HOWEVER, SUGGESTS THAT THIS IS NOT THE CASE. PARA 2 OF STATE 227853 STATES QUITE CATEGORICALLY THAT RESOLUTION OF THIS MATTER BY GOT PAYMENT IN FULL IS ESSENTIAL TO CONTINUANCE OF MAP PROGRAM. I AM BEING TOLD IN OTHER WORDS THAT UNLESS I TELL THE TUNISIANS TO SETTLE THE INTEREST ARREARS NOW, AND THEY AGREE TO DO SO, THERE WILL BE NO GRANT AID FOR THIS FISCAL TO SO. THAT FOR DOLS 50,000 THE USG IS PREPARED TO JEOPARDIZE A LONG-STANDING MILITARY-ASSISTANCE RELATIONSHIP THAT THE TUNISIAN VALUE HIGHLY IN TERMS OF TUNISIAN-AMERICAN RELATIONS.

4. THIS MAKES NO SENSE TO ME WHATSOEVER AND WON'T MAKE  
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SENSE TO THE TUNISIANS EITHER. WE HAVE CONVEYED OUR POLITICAL JUDGMENTS IN EARLIER TELEGRAMS, NOTABLY OUR 6052. THEY HAVE APPARENTLY MADE NO IMPRESSION AT ALL. WE ARE FURTHER FACED WITH AN ALMOST RIDICULOUS SITUATION INVOLVING ACTUAL USE OF PROGRAMMED FY 75 GRANT ASSISTANCE. THE BACKBONE OF THE TUNISIAN AIR FORCE CONSISTS OF A SQUADRON OF U.S.-FURNISHED F-86 AIRCRAFT. THESE HAVE BEEN GROUNDED SINCE JUNE 1973 FOR A VARIETY OF REASONS. PATIENT WORK FOR

OVER A YEAR BY OUR USLOT PERSONNEL, HOWEVER, HAS OVERCOME TUNISIAN RELUCTANCE TO FLY THEM. THE REMAINING PROBLEM INVOLVES JP-4 FUEL WHICH INITIALLY IS TO BE SUPPLIED FROM FY 75 GRANT AID. BECAUSE OF THE ARREARAGE PROBLEM, THE F-86S WILL PRESUMABLY REMAIN ON THE GROUND UNTIL THE TUNISIANS FIND DOLS 50,000. SUCH A DEVELOPMENT OBVIOUSLY WOULD SERVE NEITHER OUR NOR TUNISIAN INTERESTS.

5. IN BRIEF, I BELIEVE WE ARE LOSING SIGHT OF THE FOREST FOR THE TREES, I.E., WE SEEMINGLY ARE PREPARED TO JEOPARDIZE ADVANTAGES FLOWING FROM OUR MILITARY ASSISTANCE PROGRAM -- AN IMPORTANT FACET OF OVERALL LONG-STANDING AND CLOSE U.S.-TUNISIAN RELATIONSHIP/FOR A FEW THOUSAND DOLLARS. (THE TUNISIANS LONG AGO PAID THE PRINCIPAL AND INDEED PROBABLY GAINED THE IMPRESSION THAT THE INTEREST WOULD BE WAIVED.) NONETHELESS, WHILE I WOULD ANTICIPATE TUNISIAN IRRITATION, I AM STILL WILLING TO RAISE THE MATTER OF ARREARAGES WITH THE TUNISIANS. I DO NOT BELIEVE, HOWEVER, THAT IT WILL SERVE OUR INTERESTS TO INSIST THAT THE MATTER BE RESOLVED BEFORE THEY WILL BE ELIGIBLE FOR FY 75 GRANT AID. IDEALLY, I WOULD HOPE THAT SOME WAY COULD BE FOUND IN WASHINGTON TO DROP THE MATTER ENTIRELY SINCE MUCH OF THE PROBLEM WAS CREATED BY OUR OWN POOR ACCOUNTING PROCEDURES OVER A LONG PERIOD OF TIME. AF/N HAS ALL THE DETAIL. I WOULD BE GRATEFUL FOR ANYTHING YOU CAN DO.  
SEELYE

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